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CENTRAL INTELLIGENCE AGENCY
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REPORT

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50X1-HUM

COUNTRY China

DATE OF
INFORMATION 1950

SUBJECT Economic - Industry

HOW
PUBLISHED Semimonthly publication

DATE DIST. 2/ Feb 1952

WHERE
PUBLISHED Peiping

NO. OF PAGES 5

DATE
PUBLISHED 10 Sep 1950

LANGUAGE Chinese

SUPPLEMENT TO
REPORT NO.

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SOURCE Hsin Kuan-ch'a (New Observer), Vol I, No 6, 1950.

PROGRESS OF INDUSTRIES IN NORTHEAST CHINA SINCE LIBERATION

Lo Feng (駱鳳)

Tremendous success has marked the year and a half since the liberation of the Northeast. The total value of 1949 industrial production surpassed the original plan by 4.2 percent. The value of hand-processed articles approximated 74 percent of the total value of industrial products. From January to June 1950 the total value of industrial products surpassed the 1949 record by 292 percent. The total value of hand-processed articles surpassed the 1949 level by 31.5 percent.

Reconstruction Started in the Northeast

When the people's government took over the factories and mines, very few of them could be operated. Today, more than 300 factories and mines, (excluding arsenals and factories and mines under provincial management), or 80.5 percent of all Northeast industrial establishments, are in operation. In the process of reconstruction, many plants, warehouses, and workers' dormitories have been built to supplement the gradual rehabilitation and expansion of the original installations. The Northeast government's investment in basic industries under state management is roughly equal in value to 2 million tons of grain. Newly built plants represent 24.9 percent of the operating facilities; the remainder are rehabilitated installations.

An-shan Steel Industry

The An-shan steel industry has been reconstructed and restored to its original scale of operations in the course of a year and a half. Forty factories and mines of the An-shan system have resumed operations. The program to construct installations for smelting, refining, and rolling steel has been gradually readjusted. An-shan steel products are now sufficient to meet Northeast requirements as well as those of China south of the Great Wall. Quality and quantity have been constantly improved to meet standard requirements.

- 1 -

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Northeast Machine Industry

According to data compiled by 11 factories under the Machinery Control Bureau, the total value of industrial products produced in the first half of 1950 surpassed the 1949 record by 38.8 percent. More than 70 percent of the output has been allocated to factories and mines in the Northeast and the remainder has been reinvested for the expansion of equipment and installations. In the course of more than a year, several thousand machine tools, rock chisels, transport machines, air compressors, blast furnaces, etc., have been produced by the bureau. The production of roller bearings in June 1950 was six times that of July 1949.

Electrical Industry

More than 250 power stations had been repaired and set in operation by the end of 1949 under the direction of the ten branches of the Northeast Electrical Industry Control Bureau. Accidents arising in electrical generation and transmission have been eliminated.

Nine factories have been built since the industry was taken over by the Electrical Equipment Control Bureau. More than 300 kinds of electrical articles, such as electric motors, wire, transformers, electric meters, and light bulbs have been produced.

Coal Industry

The coal industry has almost resumed full-scale operations. The longwall method of coal mining has brought the advantages of longer mining faces, higher rate of exploitation, greater efficiency, greater safety, and lower costs. According to a survey made by a number of factories and mines after application of the new method, the miner's efficiency has been raised one to three times. In thick seams, the exploitation rate has generally been raised 60-65 percent, and, in certain places, 80 percent. In thin seams, the exploitation rate has been raised 90 percent. By the end of 1950, 70 percent of the coal mines are to use the new method.

Other Industries

The cement, glass, rubber, and paper industries have devoted their energy chiefly to reorganization of productivity, promotion of efficiency, and qualitative improvements. The quality of cement has been raised to meet international standards. Paper output has been raised 15 percent since 1949 and the paper mills at An-tung, Ying-k'ou, and Shih-hsien have raised their output more than 76 percent beyond the 1949 record. The quality of Grade-A rubber shoes produced by the eight factories in the Northeast has been raised 99.8 percent.

Rapid Rise in Employment

The number of employees in factories and mines has rapidly increased. The total number of workers has increased 145 percent since 1949, excluding workers in arsenals and in industrial organizations under local management. Two problems arise from the rapid increase in the number of workers. First, the discipline of labor force as a whole must be tightened. Second, the labor force must be trained in modern techniques. For one-half year since the beginning of 1950, a majority of factories and mines has established rules and regulations concerning the study of modern techniques and the tightening of safety requirements. As a result, the attendance rate of workers has been raised above the 1949 level.

- 2 -

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According to data compiled in July 1950, the attendance rate of workers in all factories and mines has been raised to an average of 93.1 percent. Closely following the increased employment in factories and mines, the ratio between technicians and workers has also increased gradually. For the time being, the ratio of technicians to workers has been raised from 2.1 percent in 1949 to 3.5 percent in 1950. The number of technicians has almost doubled. Under the direction of Soviet experts, technicians have generally acquired practical knowledge in factories and mines. The Northeast People's Government has established four modern industrial colleges and 13 vocational schools. More than 10,000 students are now receiving instruction.

Rate of Labor Production

Movements to establish new production records and systems of responsibility have raised labor production. According to data issued by the Northeast Ministry of Industry, the labor production rate was raised 32.8 percent in December 1949 over records established in June 1949. The labor production rate in the first half of 1950 was 202 percent of the 1949 record. The constant increase of labor production has raised the quantity of products and lowered their cost. The following data are based on an index of 100, representing the total production rate in January 1949:

1949

Mar	163.0
Jun	208.6
Sep	276.2
Dec	385.9

1950

Jan	458.8
Mar	621.2
Jun	664.9

Production for the first half of 1950 exceeded the total production for all of 1949 by 30.1 percent.

Reduction of Costs (first quarter 1950)

Percent of Reduction From 1949

Coal (under Bureau of Coal Mines)	15.5
16-gauge cotton yarn (from No 2 Textile Mill)	7.27
Newsprint	6.53
Cement (under Bureau of Construction Industries)	6.47

- 3 -

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Higher Living Standard

Following the tremendous industrial development, the living standard of workers has been gradually raised. At the beginning of the liberation, the average worker in the national enterprises could maintain only a minimum standard of living. But the drive to establish new records in production has been intensified and the living standard of workers has been raised accordingly. By the end of 1949, the wages of the average worker had been raised 27 percent over May 1949. The Northeast People's Government has raised workers' benefits and instituted a new system of payment according to eight classes. During 1950, the wages of the average worker have been boosted 8 percent while the salaries of technicians have been raised 38.9 percent. A new system of piecework payment and rewards for overfulfillment is to be implemented in the near future.

Periods in Northeast Reconstruction

The first period in Northeast reconstruction extended from the liberation to July 1949. This was a period of take-over, inventory, and readjustment. The most essential task was to mobilize the masses to make inventories, contribute equipment and materials, and establish agencies to control specialized industry, as the first step toward formulating systems of unification and planned controls, property inventory, economic unification, budget systems, and the like.

The second period began in July 1949 with the movement to eliminate waste expenditure, and ended in February 1950. This was a period of more thorough mobilization of the masses to effect a planned economy on the basis of the preceding period, in which the initial conditions necessary for production had been met. Following the movement to eliminate waste expenditure, the movement to set new production records, and the implementation of contract systems (consolidation contracts within factories and mines, collective contracts, and purchase-order contracts among enterprises), steps were taken toward the establishment of quotas. The 1950 plans for production and basic reconstruction were based on the new records set within this period.

The third period opened in February 1950 with the promulgation of the decision to establish production responsibility, and closed in June. In this period, the efforts of the movement to set new production records were strengthened through the application of control systems. The essential accomplishments were the establishment of a system of production responsibility, the establishment of a system of responsibility for adequate safety and inspection measures, the revision and implementation of the eight-class wage system, the establishment of an independent accounting system for factories and mines, and the establishment of reconstruction agencies on a systematic basis.

The greatest difficulty encountered in the management of national enterprises has been the inability of the employees to carry out assignments to the limit of human and economic resources.

Industrial reconstruction in the Northeast has now entered a new period. The primary task in this period is to place special emphasis on the management of national enterprises. In this connection four measures have been taken: (1) circulation of working capital on a sound basis, (2) maintenance of accuracy in computing the cost of goods, (3) further strengthening of technical administration, and (4) implementation of a new payment system according to piecework.

- 4 -

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Generally, the financial situation of factories and mines has been improved where the amount and allocation of working capital were ascertained and an independent accounting system adopted. However, the effective circulation of working capital has been greatly reduced through mishandling and through poor balance between production and demand. Some factories and mines have stockpiled too much raw material for which they have no use. This obstructs the government's attempts to handle working capital effectively. In some factories and mines the coordination between production and demands is so poor that working capital stagnates.

The Northeast People's Government has warned factories and mines that the mishandling of working capital and the poor coordination between production and demand are responsible for the inefficacy of government policy and that the following four steps should be taken immediately: stockpiling of raw materials should be curtailed as far as possible; coordination between production and demand should be improved, on a rational basis; all waste of labor and time in the process of production should be eliminated; products must be in sufficient quantity and suitable for the market demand.

The formation of a financial administration can be sound only when the cost of products is computed accurately. The most serious defect at present is that cost computation is inaccurate and poorly timed. The Northeast Ministry of Industry has instructed the factories and mines under its control that special attention should be paid to the original records and that costs should be computed on the basis of semifinished goods and goods in process. According to this formula, computation will be accurate.

The chief purpose of establishing technical controls is to raise the quality of the products. In this connection there has been much improvement since the official establishment of a system of production responsibility. However, goods are still of poor quality, particularly basic reconstruction materials. The Ministry of Industry has instructed the factories and mines under its control to institute systems of responsibility for techniques and responsibility for quality as a preparatory step toward ultimate formulation of rigid standards governing such areas as the responsibilities of various types of technicians, fixed technical standards, operating procedures, repair and maintenance of machinery, and facilities for testing and for independent research on new products. With respect to basic reconstruction controls, a set of scientific regulations must be fabricated from planned examination, expert knowledge of materials, standardized operating procedures, supervision of the quantitative and qualitative aspects of reconstruction, and methods of checking.

Early in 1950, the Northeast People's Government decided that the time was right to implement a payment system according to eight classes. The official establishment of the system and the subsequent pay boost in factories and mines are considered two significant steps in raising the living standard of workers.

The Northeast People's Government is now prepared to initiate a new payment system according to piecework, with rewards for overfulfillment. This is to be done only in those factories and mines where the technical requirements have been met and where the eight-class payment system has been established. Admittedly there are some factories and mines which have not yet established the required foundation for a piecework pay system and rewards for overfulfillment.

The standardization of technical levels and production goals throughout the Northeast will be started when the regulations governing punishments and rewards of technicians go into effect. The motive behind these two measures is to promote efficiency and enthusiasm in production.

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- 5 -

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